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FOR

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PROGRAM

NBC Nightly News

STATION

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NBC Network

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CITY

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SUBJECT

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Secret Negotiations with Iran

CONNIE CHUNG: President Reagan reportedly approved secret contacts with Iran 18 months ago to help win the release of American hostages held in Lebanon. Administration sources are privately saying the U.S. supplied military equipment to Iran or allowed Israel to do so, but publicly Reagan officials are refusing any comment.

NBC News White House correspondent Robin Lloyd has more on the growing controversy.

ROBIN LLOYD: The Administration blackout on the secret effort to win the release of the hostages continued today. CIA r Director William Casey refused to answer questions about what role he may have played in the covert program.

DIRECTOR WILLIAM CASEY: I have no comment to make. I'm here to make a talk.

LLOYD: Sources say White House officials decided to run this operation on their own, bypassing the CIA, the State Department and the Pentagon, in an effort to avoid leaks and congressional scrutiny. And top officials in all three departments say they're furious that they weren't consulted. Some outside the government questioned whether it was even legal.

Former CIA Director Stansfield Turner:

ADMIRAL STANSFIELD TURNER: The National Security Council should not be out doing operational things. They're doing it because the President is skirting the law. There is a law that says if the CIA were doing this, it would have to inform the Congress.

LLOYD: And in Congress, many are speaking out against the Iran connection.

SENATOR JAMES SASSER: We're, in essence, doing business with a country that has exhibited great hostility towards the United States.

LLOYD: From the beginning, Secretary of State Shultz and Secretary of Defense Weinberger strongly objected to the program, arguing that trading arms to Iran for the hostages contradicted Administration policy of not negotiating with terrorists and not sending arms to either side in the Iran-Iraq war. But sources say the President decided to go ahead with the plan at the urging of National Security Adviser John Poindexter and CIA Director William Casey, who argued it was the only way to free the hostages.

The plan had already proved successful in gaining the release of Reverend Benjamin Weir. It worked again with Reverend Lawrence Jenco, and most recently with David Jacobsen.

The President seemed to say yesterday that the operation should continue until, quote, we get all the hostages back. But sources involved in the covert plan told NBC News today that the publicity and controversy already have come very close to, quote, killing the initiative.

Still, the criticism and the questions are not likely to stop. Former President Jimmy Carter was blunt.

PRESIDENT JIMMY CARTER: It's something that would be quite disgusting to me, if it's true. But I don't yet know if it is. But I think we ought not ever to yield to a blackmail or ransom demands from kidnappers in order to get our hostages back.

LLOYD: White House officials insist they've done nothing illegal. But even within the Administration, top officials are pointing out the contradictions in U.S. policy. Said one official, "We're now telling terrorists that they can get things from the United States and that we will deal."